ITR – Quarterly Information

RAIA DROGASIL S.A.

September 30, 2014

Contents

Company information – Capital breakdown

Number of shares (Units)	Current quarter 09/30/2014
Paid-in capital	
Common shares	330,386,000
Preferred shares	0
Total	330,386,000
Treasury shares	
Common shares	1,100,000
Preferred shares	0
Total	1,100,000

Company information – Cash proceeds

Event	Approval	Proceeds	Beginning of payment	Type of share	Class of share	Earnings per share (Reais / share)
Board of Directors' Management	03/21/2014	Interest on equity	12/01/2014	Common		0.02340
Board of Directors' Meeting	06/23/2014	Interest on equity	12/01/2014	Common		0.06477
Board of Directors' Meeting	09/22/2014	Interest on equity	05/29/2015	Common		0.06681

Individual quarterly information – Balance sheet – Assets

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
1	Total assets	3,798,948	3,614,093
1.01	Current assets	2,030,079	1,903,575
1.01.01	Cash and cash equivalents	149,768	241,885
1.01.03	Trade accounts receivable	566,924	482,212
1.01.03.01	Trade accounts receivable	445,431	373,259
1.01.03.01.01	Checks receivable	6,944	5,870
1.01.03.01.02	Credit and debt cards	381,783	325,634
1.01.03.01.03	Drug Benefit Program (PBM)	36,971	23,932
1.01.03.01.04	Special plans with companies	20,918	19,003
1.01.03.01.08	(-) Allowance for doubtful accounts	-1,185	-1,180
1.01.03.02	Other accounts receivable	121,493	108,953
1.01.03.02.01	Advances to employees	6,464	4,329
1.01.03.02.02	Returns to suppliers	25,706	20,608
1.01.03.02.03	Commercial agreements	82,832	80,628
1.01.03.02.08	Other	6,491	3,388
1.01.04	Inventories	1,264,465	1,132,620
1.01.04.01	Goods for resale	1,286,887	1,150,175
1.01.04.02	Materials	8,762	8,626
1.01.04.03	(-) Provision for losses on goods	-31,184	-26,181
1.01.06	Taxes recoverable	38,060	38,658
1.01.06.01	Current taxes recoverable	38,060	38,658
1.01.07	Prepaid expenses	10,862	8,200
1.02	Noncurrent assets	1,768,869	1,710,518
1.02.01	Long-term assets	29,109	23,350
1.02.01.03	Trade accounts receivable	366	355
1.02.01.03.02	Other accounts receivable	366	355
1.02.01.07	Prepaid expenses	509	373
1.02.01.09	Other noncurrent assets	28,234	22,622
1.02.01.09.04	Judicial deposits	12,649	10,763
1.02.01.09.05	Taxes recoverable	15,024	11,298
1.02.01.09.06	Court-ordered debts	561	561
1.02.03	Property and equipment	609,690	536,629
1.02.04	Intangible assets	1,130,070	1,150,539

Individual quarterly information – Balance sheet – Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
2	Total liabilities	3,798,948	3,614,093
2.01	Current liabilities	1,142,154	1,020,004
2.01.01	Labor and social liabilities	173,499	116,352
2.01.01.01	Social liabilities	36,657	32,051
2.01.01.02	Labor liabilities	136,842	84,301
2.01.02	Trade accounts payable	704,648	671,455
2.01.02.01	Trade accounts payable - local	704,648	671,455
2.01.03	Tax liabilities	38,350	65,920
2.01.03.01	Federal tax liabilities	14,739	10,605
2.01.03.01.01	Income and social contribution taxes payable	0	1,963
2.01.03.01.02	Other federal tax liabilities	14,739	8,642
2.01.03.02	State tax liabilities	22,650	54,547
2.01.03.03	Municipal tax liabilities	961	768
2.01.04	Loans and financing	98,756	83,944
2.01.04.01	Loans and financing	98,756	83,944
2.01.04.01.01	In local currency	98,756	83,944
2.01.05	Other liabilities	113,868	68,597
2.01.05.02	Other	113,868	68,597
2.01.05.02.01	Dividends and interest on equity payable	44,429	9,464
2.01.05.02.04	Rent	31,826	22,022
2.01.05.02.05	Commercial key money	0	604
2.01.05.02.06	Other accounts payable	37,613	36,507
2.01.06	Provisions	13,033	13,736
2.01.06.01	Provisions for tax, social security, labor and civil contingencies	5,281	5,005
2.01.06.01.01	Tax provisions	93	93
2.01.06.01.05	Provisions for contingencies	5,188	4,912
2.01.06.02	Other provisions	7,752	8,731
2.01.06.02.06	Provisions for sundry liabilities	7,752	8,731
2.02	Noncurrent liabilities	250,639	267,106
2.02.01	Loans and financing	123,243	160,881
2.02.01.01	Loans and financing	123,243	160,881
2.02.01.01.01	In local currency	123,243	160,881
2.02.02	Other liabilities	3,294	4,224
2.02.02.02	Other	3,294	4,224
2.02.02.02.03	Special Tax Installment Payment Program (REFIS)	3,294	4,224
2.02.03	Deferred taxes	115,159	93,980
2.02.03.01	Deferred income and social contribution taxes	115,159	93,980
2.02.04	Provisions	8,943	8,021
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	8,943	8,021
2.02.04.01.05	Provisions for contingencies	8,943	8,021
2.03	Equity	2,406,155	2,326,983
2.03.01	Paid-in capital	908,639	908,639
2.03.02	Capital reserves	1,019,037	1,039,935
2.03.03	Revaluation reserves	12,802	12,941
2.03.04	Income reserves	357,170	365,468
2.03.04.01	Legal reserve	14,375	14,375

Individual quarterly information – Balance sheet – Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
2.03.04.02	Statutory reserve	342,795	342,795
2.03.04.08	Proposed additional dividend	0	8,298
2.03.05	Retained earnings (accumulated losses)	108,507	0

Individual financial statements – Income statements
(In thousands of reais)

Account code	Account description	Accumulated in current period 07/01/2014 to 09/30/2014	Accumulated in current year 01/01/2014 to 09/30/2014	Accumulated in prior period 07/01/2013 to 09/30/2013	Accumulated in prior year 01/01/2013 to 09/30/2013
3.01	Revenue from sales and/or services	1,922,329	5,371,835	1,625,537	4,552,948
3.01.01	Gross revenue from sales and services	1,990,327	5,565,813	1,682,958	4,725,454
3.01.02	Sales taxes	-57,121	-160,908	-48,814	-148,546
3.01.03	Rebates	-10,877	-33,070	-8,607	-23,960
3.02	Cost of sales and/or services	-1,374,128	-3,839,272	-1,173,752	-3,297,184
3.03	Gross profit	548,201	1,532,563	451,785	1,255,764
3.04	Operating income (expenses)	-459,308	-1,315,585	-422,376	-1,145,620
3.04.01	Selling expenses	-362,287	-1,026,746	-322,162	-867,435
3.04.02	General and administrative expenses	-94,267	-283,217	-85,914	-245,590
3.04.02.01	Administrative expenses	-45,967	-147,253	-44,694	-129,300
3.04.02.03	Depreciation and amortization	-48,300	-135,964	-41,220	-116,290
3.04.05	Other operating expenses	-2,754	-5,622	-14,300	-32,595
3.04.05.01	Extraordinary expenses	-2,754	-5,622	-14,300	-32,595
3.05	Income before financial income (expense) and taxes	88,893	216,978	29,409	110,144
3.06	Financial income (expenses)	-1,349	-5,661	-2,640	-9,303
3.06.01	Financial income	4,878	13,477	2,183	6,033
3.06.02	Financial expenses	-6,227	-19,138	-4,823	-15,336
3.07	Income before income taxes	87,544	211,317	26,769	100,841
3.08	Income and social contribution taxes	-19,565	-52,087	-8,151	-27,674
3.08.01	Current	-12,588	-30,836	-601	-3,795
3.08.02	Deferred	-6,977	-21,251	-7,550	-23,879
3.09	Net income (loss) from continued operations	67,979	159,230	18,618	73,167
3.11	Income/loss for the period	67,979	159,230	18,618	73,167
3.99	Earnings (loss) per share (reais / shares)				
3.99.01	Basic earnings per share				
3.99.01.01	Registered Common Shares	0.20644	0.48277	0.05635	0.22146
3.99.02	Diluted earnings per share				
3.99.02.01	Registered common shares	0.20644	0.48277	0.05635	0.22146

Individual financial statements – Statement of other comprehensive income

(In thousands of reais)

Account code	Account description	Accumulated in current period 07/01/2014 to 09/30/2014	Accumulated in current year 01/01/2014 to 09/30/2014	Accumulated in prior period 07/01/2013 to 09/30/2013	Accumulated in prior year 01/01/2013 to 09/30/2013
4.01	Loss for the period	67,979	159,230	18,618	73,167
4.03	Comprehensive income for the period	67,979	159,230	18,618	73,167

Individual financial statements – Cash flow statements – Indirect method

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2014 to 09/30/2014	Accumulated in prior year 01/01/2013 to 09/30/2013
6.01	Net cash from operating activities	174,002	164,961
6.01.01	Cash from operations	375,545	245,231
6.01.01.01	Net income before income and social contribution taxes	211,317	100,841
6.01.01.02	Depreciation and amortization	135,964	116,290
6.01.01.03	Gain on disposal or write-off of property and equipment and intangible assets	684	4,661
6.01.01.04	Provision for contingencies	2,222	2,329
6.01.01.05	Provision for inventory losses	5,004	9,413
6.01.01.06	(Reversal of) allowance for doubtful accounts	-762	-1,246
6.01.01.07	Provision for store closedown	3,081	0
6.01.01.08	Interest expenses	18,035	12,943
6.01.02	Changes in assets and liabilities	-162,677	-68,641
6.01.02.01	Trade accounts receivable	-83,951	-7,189
6.01.02.02	Inventories	-136,848	15,448
6.01.02.03	Other current assets	724	35,780
6.01.02.04	Long-term assets	-5,757	8,092
6.01.02.05	Trade accounts payable	28,224	-129,688
6.01.02.06	Payroll and social charges	57,147	46,362
6.01.02.07	Taxes, rates and contributions	-29,589	-5,408
6.01.02.08	Other liabilities	-2,431	-35,450
6.01.02.09	Lease payable	9,804	3,412
6.01.03	Other	-38,866	-11,629
6.01.03.01	Income and social contribution taxes paid	-38,866	-11,629
6.02	Net cash from investing activities	-187,371	-175,265
6.02.01	Acquisitions of property and equipment and intangible assets	-188,164	-176,648
6.02.02	Proceeds from sales of property and equipment	793	1,383
6.03	Net cash from financing activities	-78,748	-34,292
6.03.01	Financing taken out	37,703	26,121
6.03.02	Payments of financing	-63,455	-40,800
6.03.03	Interest paid	-15,112	-6,625
6.03.04	Repurchase of shares	-20,898	0
6.03.05	Interest on equity and dividends paid	-16,986	-12,988
6.05	Increase (decrease) in cash and cash equivalents	-92,117	-44,596
6.05.01	Cash and cash equivalents	241,885	166,963
6.05.02	Cash and cash equivalents at end of period	149,768	122,367

Individual financial statements – Statement of changes in equity (SCE) – 01/01/2014 to 09/30/2014

(In thousands of reais)

Account code	Account description	Paid in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings) Income reserves	Other comprehensive income	Equity
5.01	Opening balances	908,639	1,039,935	378,409	0	0	2,326,983
5.03	Adjusted opening balances	908,639	1,039,935	378,409	0	0	2,326,983
5.04	Capital transactions with shareholders	0	-20,898	-8,298	-50,862	0	-80,058
5.04.04	Treasury shares acquired	0	-20,898	0	0	0	-20,898
5.04.07	Interest on equity (IOE)	0	0	0	-51,058	0	-51,058
5.04.08	IOE for 2013 approved at the SGM held on April 29, 2014	0	0	-8,298	0	0	-8,298
5.04.09	Expired interest on equity	0	0	0	196	0	196
5.05	Total comprehensive income	0	0	0	159,230	0	159,230
5.05.01	Loss for the period	0	0	0	159,230	0	159,230
5.06	Internal changes in equity	0	0	-139	139	0	0
5.06.02	Realization of revaluation reserve	0	0	-211	211	0	0
5.06.03	Taxes on revaluation reserve released	0	0	72	-72	0	0
5.07	Closing balances	908,639	1,019,037	369,972	108,507	0	2,406,155

Individual financial statements – Statement of changes in equity (SCE) – 01/01/2013 to 09/30/2013

(In thousands of reais)

Account code	Account description	Paid in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	908,639	1,039,935	316,085	0	0	2,264,659
5.03	Adjusted opening balances	908,639	1,039,935	316,085	0	0	2,264,659
5.04	Capital transactions with shareholders	0	0	-8,237	-24,722	0	-32,959
5.04.07	Interest on equity (IOE)	0	0	0	-24,900	0	-24,900
5.04.08	IOE for 2012 approved at the SGM held on April 29, 2013	0	0	-8,237	0	0	-8,237
5.04.09	Expired interest on equity	0	0	0	178	0	178
5.05	Total comprehensive income	0	0	0	73,167	0	73,167
5.05.01	Loss for the period	0	0	0	73,167	0	73,167
5.06	Internal changes in equity	0	0	-139	139	0	0
5.06.02	Realization of revaluation reserve	0	0	-211	211	0	0
5.06.03	Taxes on revaluation reserve released	0	0	72	-72	0	0
5.07	Closing balances	908,639	1,039,935	307,709	48,584	0	2,304,867

Individual financial statements – Statement of value added

(In thousands of reais)

Account code	Account description	Accumulated in current year 01/01/2014 to 09/30/2014	Accumulated in prior year 01/01/2013 to 09/30/2013
7.01	Revenues	5,534,297	4,703,893
7.01.01	Sales of goods, products and services	5,532,772	4,701,406
7.01.02	Other revenues	763	1,241
7.01.04	(Reversal of) allowance for doubtful accounts	762	1,246
7.02	Inputs acquired from third parties	-3,837,031	-3,268,622
7.02.01	Costs of sales and services	-3,629,833	-3,048,263
7.02.02	Materials, energy, third-party services and other expenses	-203,198	-218,642
7.02.03	Loss/recovery of assets	-4,000	-1,717
7.03	Gross value added	1,697,266	1,435,271
7.04	Retentions	-135,964	-116,290
7.04.01	Depreciation, amortization and depletion	-135,964	-116,290
7.05	Net value added produced	1,561,302	1,318,981
7.06	Value added received in transfer	13,477	6,033
7.06.02	Financial income	13,477	6,033
7.07	Total value added to be distributed	1,574,779	1,325,014
7.08	Distribution of value added	1,574,779	1,325,014
7.08.01	Personnel	583,589	498,831
7.08.01.01	Direct compensation	460,782	404,210
7.08.01.02	Benefits	89,868	63,268
7.08.01.03	Unemployment Compensation Fund (FGTS)	32,939	31,353
7.08.02	Taxes, rates and contributions	543,922	518,469
7.08.02.01	Federal	236,823	180,546
7.08.02.02	State	299,957	331,072
7.08.02.03	Municipal	7,142	6,851
7.08.03	Debt remuneration	288,038	234,548
7.08.03.01	Interest	93,187	75,340
7.08.03.02	Rent	194,851	159,208
7.08.04	Equity remuneration	159,230	73,166
7.08.04.01	Interest on equity capital	51,058	24,900
7.08.04.03	Retained earnings (accumulated losses)	108,172	48,266

Comments on Performance

EARNINGS RELEASE 3Q14

São Paulo, November 6th, 2014. Raia Drogasil S.A. (BM&FBovespa: RADL3) announces today its results for the 3rd quarter of 2014 (3Q14). The consolidated quarterly information of Raia Drogasil S.A. for the period ended September 30th, 2014 was prepared in accordance with IFRS and was reviewed by our independent auditors in accordance with Brazilian and international standards of auditing. Such quarterly information was prepared in Reais and all growth rates are related to the same period of 2013.

As a result of the creation of RaiaDrogasil, we incurred both in 2014 and in 2013 on certain non-recurring expenses related to the integration. To facilitate a better understanding and analysis of our operating performance, we are supplementally presenting adjusted results for 2014 and 2013 excluding the effects of non-recurring expenses.

In April and in May of 2013 we recorded a reduction in social charges on labor, a line which was classified as part of Taxes, Discounts and Returns since it was calculated as a percentage of revenues. In order to maintain historical comparability, we reclassified such charges to Sales Expenses.

HIGHLIGHTS:

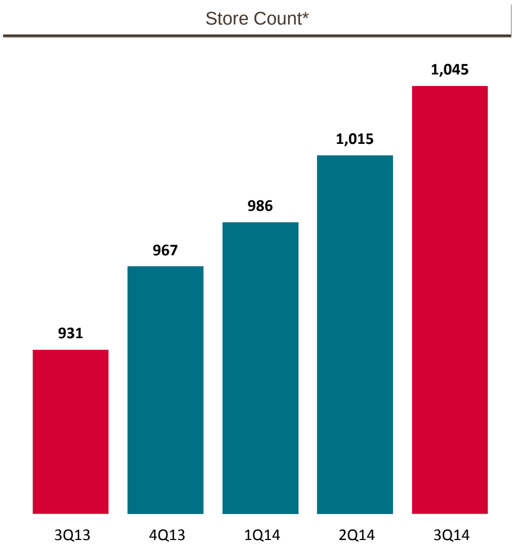
- **Drugstores: 1,045 stores in operation (33 openings and three closures)**
- **Gross Revenues: R$ 2.0 billion, 18.3% of growth (10.9% for same-store sales)**
- **Gross Margin: 27.5% of gross revenues, a 0.7 percentage point margin increase**
- **Adjusted EBITDA: R$ 139.9 million, an EBITDA margin of 7.0% and an increase of 54.1%**
- **Adjusted Net Income: R$ 80.5 million, a net margin of 4.0% and an increase of 88.8%**
- **Cash Flow: R$ 22.4 million positive free cash flow, R$ 29.0 million total cash flow**

Summary	3Q13	4Q13	1Q14	2Q14	3Q14
(R$ thousand)					
# of Stores (end of period)	931	967	986	1,015	1,045
Store Openings	29	41	18	29	33
Store Closures	(6)	(4)	(1)	(2)	(3)
Net Reopenings/(Suspensions)	2	(1)	2	2	0
# of Stores (average)	920	950	977	1,003	1,032
Head Count	21,268	21,482	21,578	22,090	22,753
Pharmacist Count	3,260	3,322	3,451	3,587	3,747
# of Tickets	34,567	34,803	34,078	36,078	37,536
Gross Revenues	1,682,958	1,738,649	1,718,910	1,856,576	1,990,328
Gross Profit (Adjusted)	451,785	464,412	462,109	522,254	548,200
% of Gross Revenues	26.8%	26.7%	26.9%	28.1%	27.5%
EBITDA (Adjusted)	90,791	96,607	87,323	131,295	139,947
% of Gross Revenues	5.4%	5.6%	5.1%	7.1%	7.0%
Net Income (Adjusted)	42,623	48,067	40,720	73,820	80,494
% of Gross Revenues	2.5%	2.8%	2.4%	4.0%	4.0%
Net Income	18,618	27,818	29,131	62,120	67,979
% of Gross Revenues	1.1%	1.6%	1.7%	3.3%	3.4%
Free Cash Flow	57,736	70,849	(118,953)	51,479	22,446

Comments on Performance

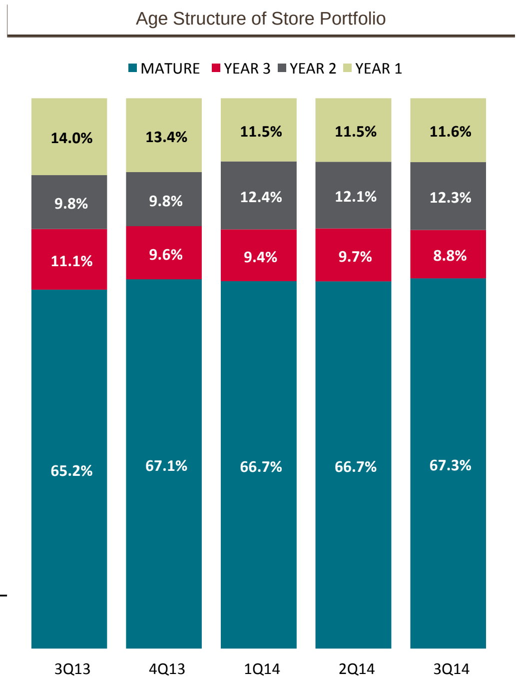
STORE DEVELOPMENT

We opened 33 new stores and closed three, ending the quarter with 1,045 stores in operation. In the 9M14 we opened a total of 80 stores. We reiterate our gross store opening guidance of 130 new stores for the year.



	3Q13	4Q13	1Q14	2Q14	3Q14
Opened	29	41	18	29	33
Closed	(6)	(4)	(1)	(2)	(3)
Reopenings/(Suspentions))	2	(1)	2	2	0

* Does not include suspended stores, which have been temporarily closed to be rebranded.



At the end of the period, 32.7% of our stores were still in the process of maturation, and had not yet reached their full potential in terms of revenues and profitability.

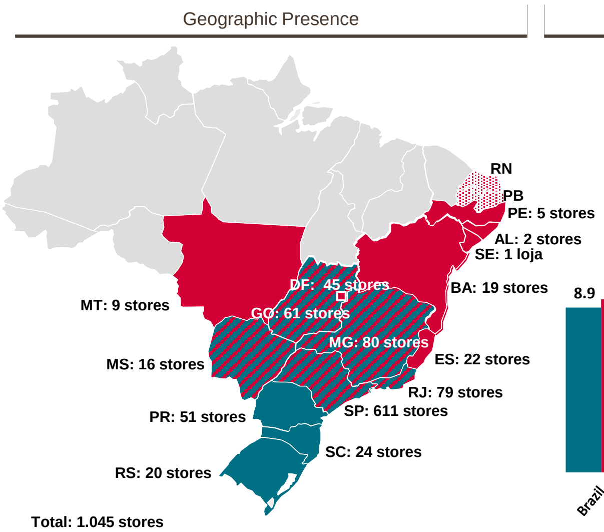
Our comparable national market share reached 9.3%, a 0.4 percentage point increase when compared to the 3Q13. Our market share figures have been adjusted by IMS Health to exclude new informants to preserve historical comparability. Considering the inclusion of new informants, our national market share totaled 9.0%.

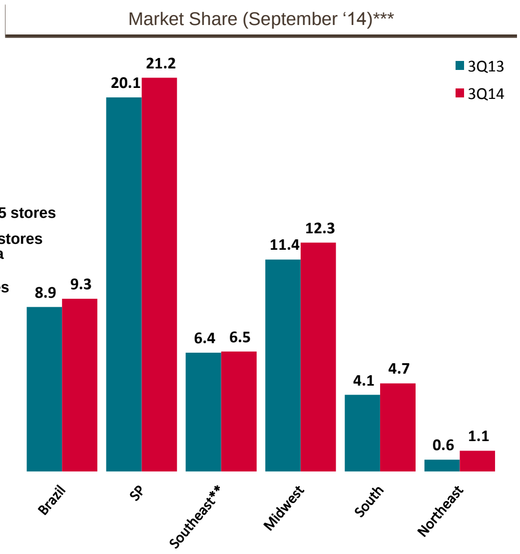
We have increased our market share in all our regions. Our main highlight was São Paulo, where we recorded a 1.1 percentage point increase leveraged by our organic expansion and by the progressive recovery of one of our brands, which had lost market share in 2013. In the remaining states of the Southeast region, our market share increased by 0.1 percentage point, driven by the favorable performances in our stores, especially in Rio de Janeiro and in Espírito Santo.

In the Midwest region, we recorded a 0.9 percentage point increase due to strong performances in Mato Grosso do Sul, Mato Grosso and Distrito Federal, as well as in Goiás. We also recorded an excellent performance in the Southern region, where our market share increased by 0.6 percentage point, driven by store maturation in Paraná and in Santa Catarina and by or geographic expansion in Rio Grande do Sul.

Finally, our market share in the Northeast region reached 1.1%, due to our growth in Bahia and to our recent entry in Pernambuco, Sergipe and Alagoas. It is important to highlight that we are further expanding our presence in the region through our entry in Paraíba (November 5th) and in Rio Grande do Norte (December).

Comments on Performance



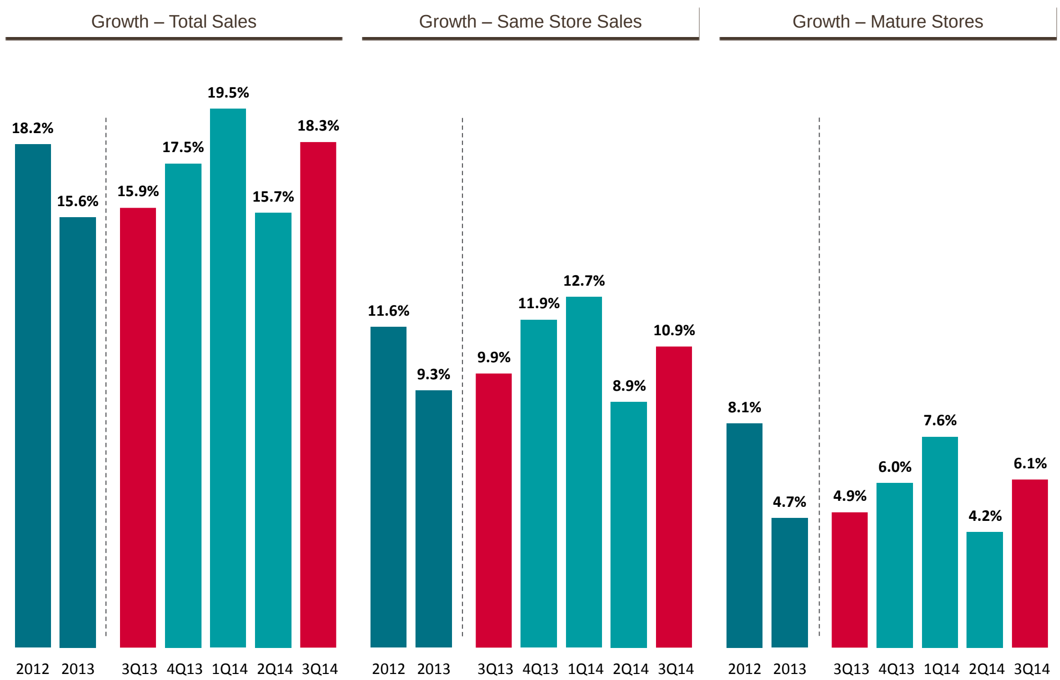


PHARMACEUTICAL MARKET DISTRIBUTION BY REGION (SEPTEMBER '14)

Brazil	SP	Southeast**	Midwest	South	Northeast
100.0%	26.4%	24.5%	8.8%	16.7%	18.8%

Source: IMS Health
* Includes Farmasil stores
** Excludes São Paulo
*** Comparable Market Share, excluding new informants added to the panel during the last twelve months. Our national market share including the full panel was of 9.0%

GROSS REVENUES



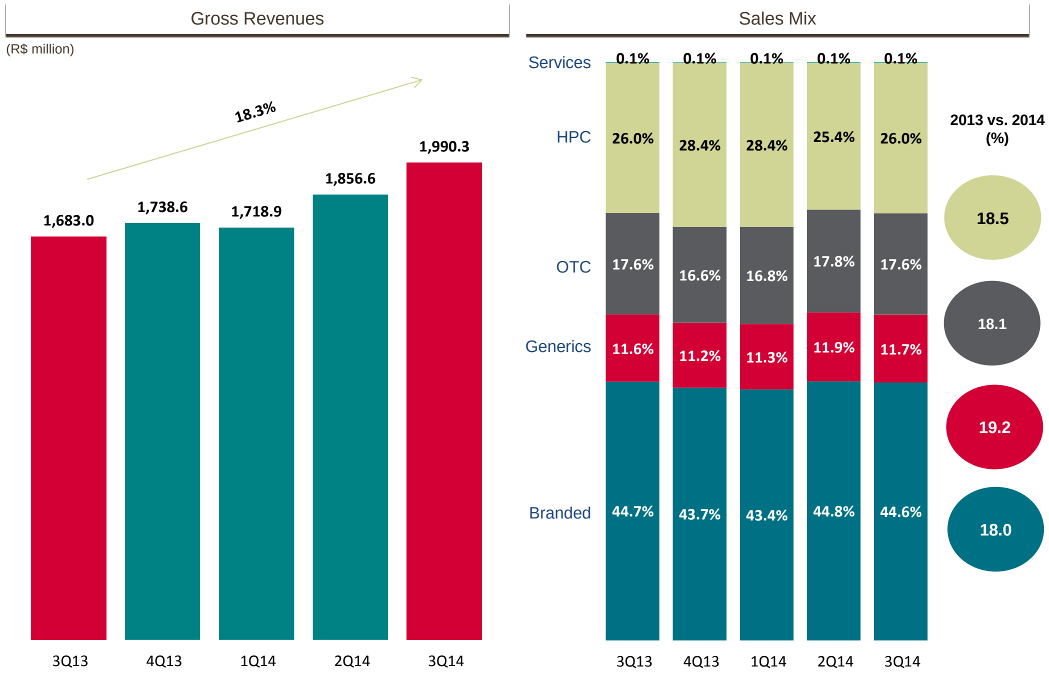
We ended the quarter with gross revenues of R$ 1,990.3 million, an 18.3% increase over 2013.

The stores closed or suspended over the last twelve months have penalized our growth by 0.5 percentage point (18.8% growth when excluding those stores from the comp base).

Comments on Performance

We recorded a sales growth of 10.9% for our same-store and of 6.1% for our mature stores. The quarter had a positive calendar effect of 0.7%, which was fully offset by the negative impact of the World Cup in July, which penalized our growth also by 0.7 percentage point.

Our sales mix remained in line when compared to the 3Q13. The only variation recorded was a slight increase of 0.1 percentage point in generics at the expense of branded, which receded proportionally.

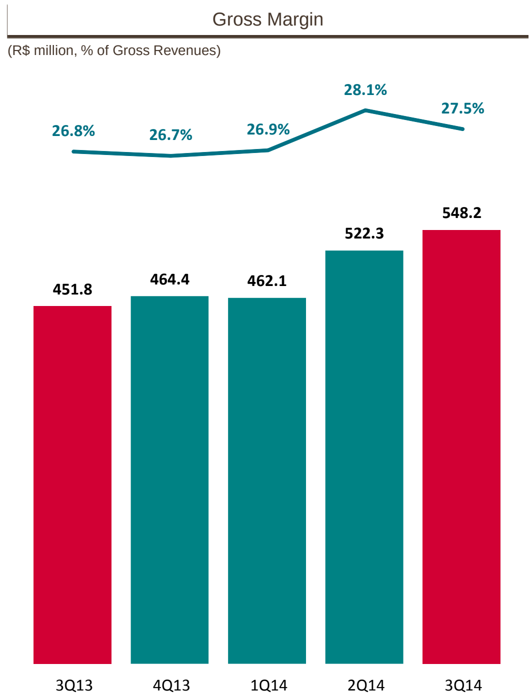


GROSS PROFIT

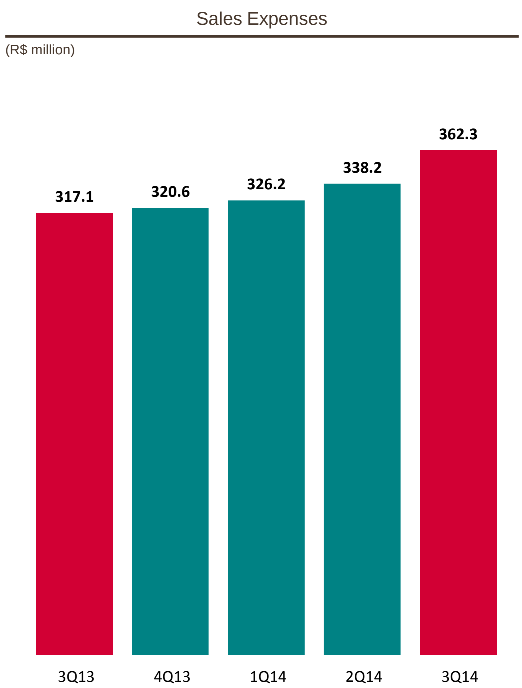
We achieved a gross margin of 27.5% in the quarter, a 0.7 percentage point increase when compared to the 3Q13.

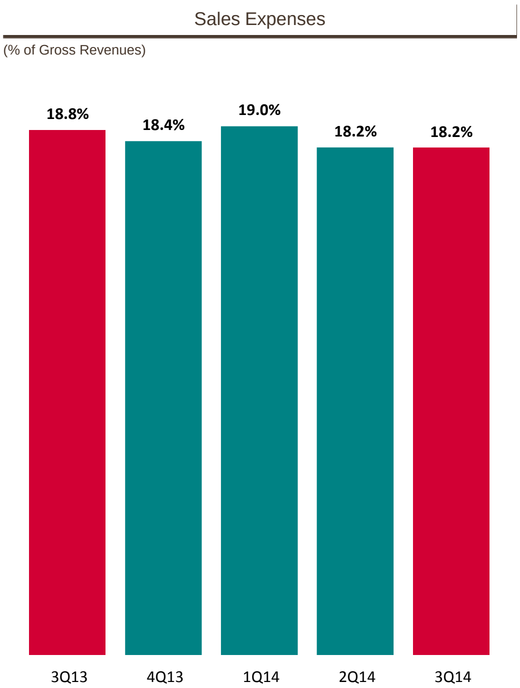
The return to the tax substitution regime in São Paulo in December 2013 relieved the tax burden we had experienced since the 3Q12, generating a positive impact of 0.4 percentage point. Additionally, we obtained better purchasing terms with suppliers and pursued tactical changes in pricing, which increased our gross margin by 0.3 percentage point.

Comments on Performance



SALES EXPENSES





Sales expenses totaled R$ 362.3 million in the 3Q14, a 0.6 percentage point decrease over the previous year. We experienced a 0.2 percentage point dilution in payroll, mainly due to the slower pace of staff replenishment at the stores in July and in August. The annual salary readjustment, which occurs every July, was of 7.6% in 2014 versus 8.5% in 2013. Additionally, we recorded a 0.2 percentage point reduction in social charges due to one-off pressures recorded in the 3Q13.

Comments on Performance

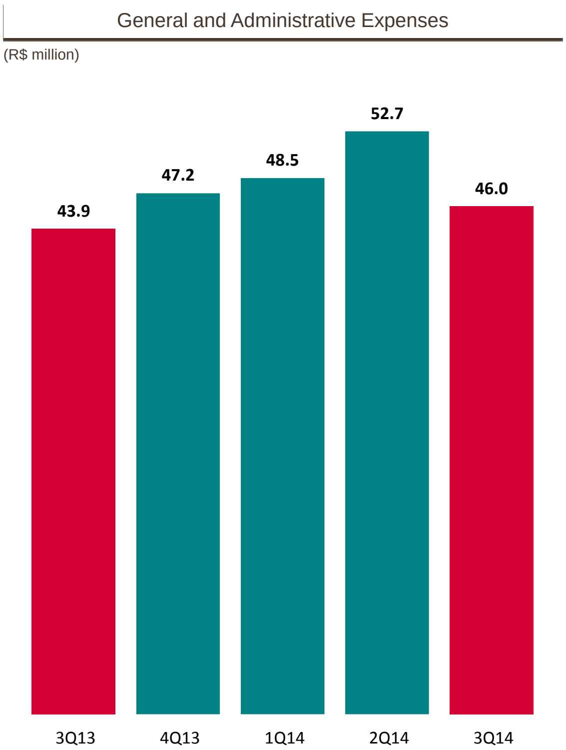
Finally, the expense pressure from new stores amounted to only 0.2% of gross revenues, a 0.3 percentage point reduction over the 3Q13. This improvement was driven by the strong sales performance recorded in our recently opened stores and by the slightly slower pace of store openings in the 9M14 when compared to the previous year (80 stores versus 90 stores in the 9M13).

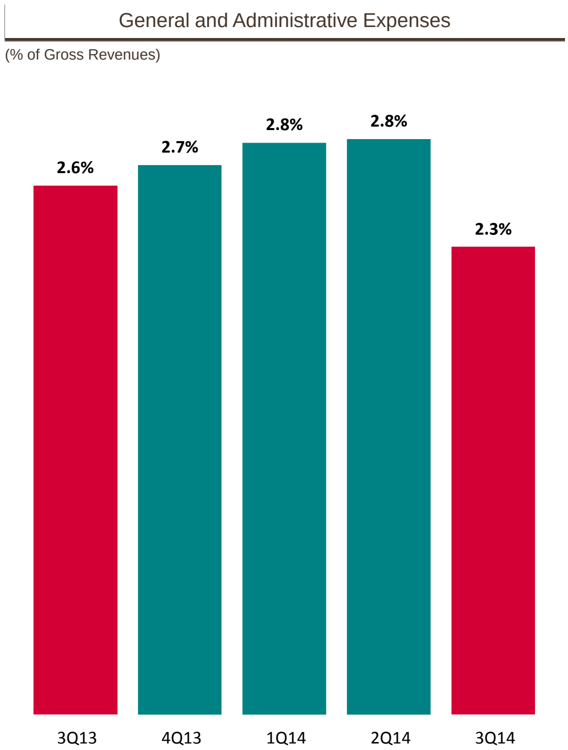
GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R$ 46.0 million, equivalent to 2.3% of gross revenues, a 0.3 percentage point dilution when compared to the previous year.

We experienced in the 3Q14 a reduction in our variable compensation allowance of approximately 0.2 percentage point in order to offset an excess provisioning that happened in the 1H14 related to our long-term incentive program based on restricted shares.

Non-recurring expenses amounted to R$ 2.8 million in the quarter.

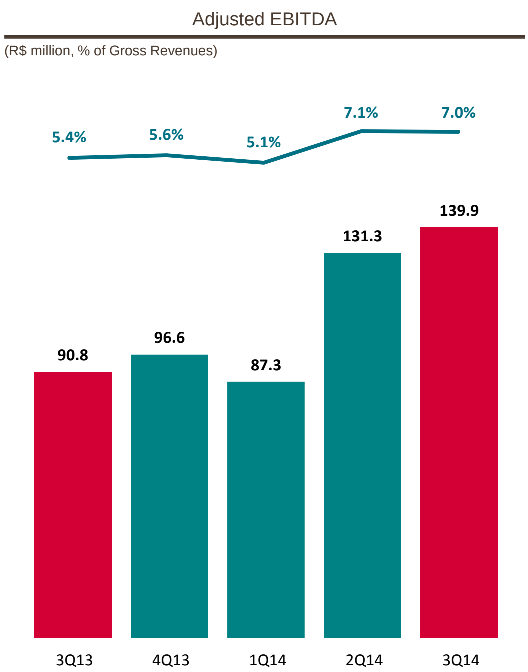




EBITDA

We recorded an EBITDA of R$ 139.9 million, a 54.1% increase over the 3Q13. The gross margin increase of 0.7 percentage point, combined with the 0.9 percentage point dilution in the SG&A led to an EBITDA margin expansion of 1.6 percentage point.

Comments on Performance



New stores already opened in the year, as well as those that were in the opening process, reduced the EBITDA by R$ 6.9 million in the 3Q14. Therefore, if we consider only the 965 stores in operation since the end of 2013 and the full absorption of logistics as well as of general and administrative expenses by such stores, our adjusted EBITDA would have totaled R$ 146.8 million, equivalent to an EBITDA margin of 7.6% over the respective gross revenues.

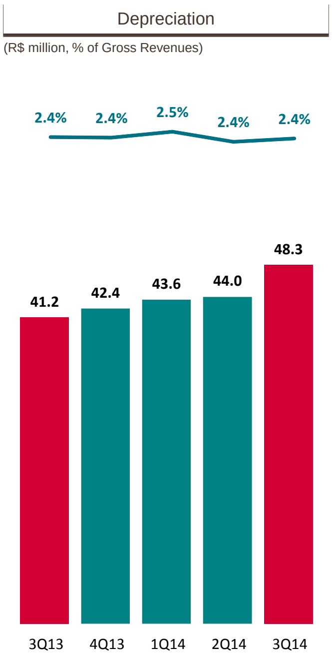
DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

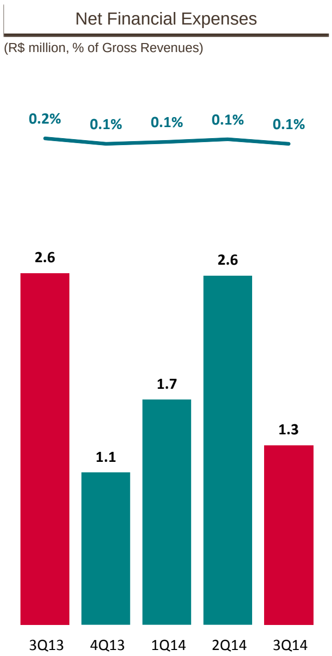
Depreciation expenses totaled R$ 48.3 million in the 3Q14, equivalent to 2.4% of gross revenues, and remained in line with the same period of the previous year.

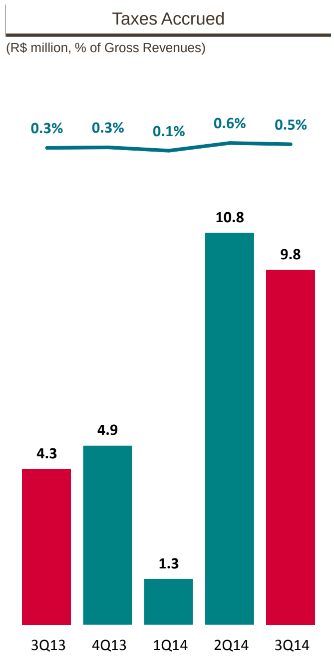
We recorded a dilution in net financial expenses of 0.1 percentage point reflecting a lower level in net debt and interest as a percentage of gross revenues when compared to the previous year.

We booked R$ 9.8 million in taxes, equivalent to 0.5% of gross revenues, a 0.2 percentage point increase, thus reflecting the improvement in our profitability when compared to the previous year. This amount includes the tax shield of the goodwill amortization effect of R$ 10.7 million.

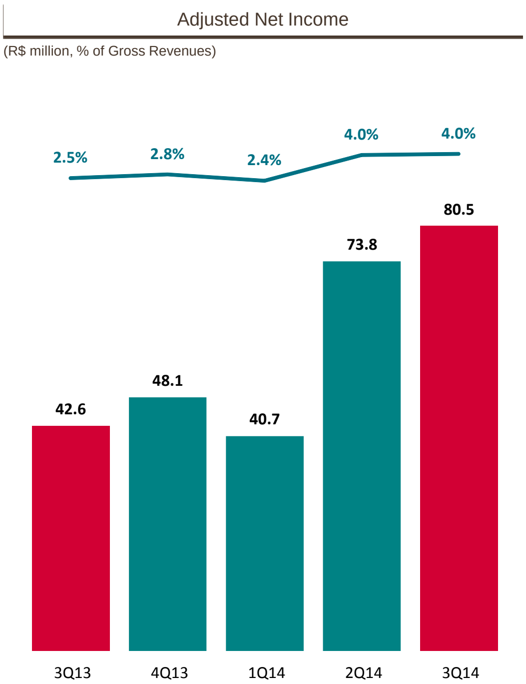
Comments on Performance







ADJUSTED NET INCOME



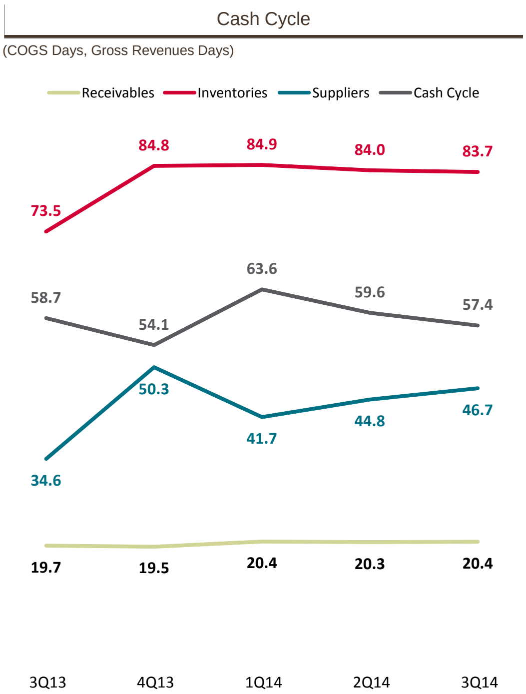
We recorded an adjusted net income of R$ 80.5 million, an 88.8% increase over the 3Q13, equivalent to an adjusted net margin of 4.0%. This 1.5 percentage point margin improvement over the 3Q13 stemmed from a 1.6 percentage point increase in our EBITDA margin combined with a reduction in financial expenses of 0.1 percentage point and partially offset by an income tax increase of 0.2 percentage point.

Comments on Performance

It is important to highlight that our reported net income (after non-recurring expenses and not including the tax shield from goodwill amortization) increased 265.1% over the previous year due to the previously mentioned operating and financial improvements as well as to a radical reduction in non-recurring expenses.

CASH CYCLE

We ended the quarter with a cash cycle reduction of 1.3 day when compared to the 3Q13.



We recorded an increase in inventories of 10.2 days. Taxes on inventories arising from our return to the tax substitution regime in the 4Q13 increased our days of inventories by 4.5 days. Therefore, on a comparable basis, we recorded an increase of 5.7 days versus the 3Q13, when a reduction in our purchases to decrease excess inventories of generics had reduced our inventories days. Additionally, accounts payable increased by 12.1 days due to the week comp base of the 3Q13, when the lack of generation of new generics invoices penalized accounts payable.

Finally, receivables increased by 0.7 day when compared to the previous year.

CASH FLOW

We generated a positive free cash flow of R$ 22.4 million in the quarter. Our operating cash flow (R$ 87.0 million) has fully financed the investments (R$ 64.6 million) undertaken in the period.

Comments on Performance

Cash Flow *(R$ million)*	**3Q14**	**3Q13**	**9M14**	**9M13**
Adjusted EBIT	**91.6**	**49.6**	**222.6**	**144.1**
Non-Recurring Expenses	(2.8)	(20.2)	(5.6)	(34.0)
Income Tax (34%)	(30.2)	(10.0)	(73.8)	(37.4)
Taxshield from Goodwill Amortization	10.7	12.1	32.1	19.7
Depreciation	48.3	41.2	136.0	116.3
Others	(8.6)	(5.7)	(6.2)	9.7
Resources from Operations	**109.1**	**67.1**	**305.0**	**218.3**
Cash Cycle*	(49.7)	30.4	(192.6)	(121.4)
Other Assets (Liabilities)	27.7	23.6	29.9	52.8
Operating Cash Flow	**87.0**	**121.1**	**142.3**	**149.7**
Investments	**(64.6)**	**(63.4)**	**(187.4)**	**(175.3)**
Free Cash Flow	**22.4**	**57.7**	**(45.0)**	**(25.6)**
Interest on Equity	-	-	(17.0)	(13.0)
Net Financial Expenses	(1.3)	(2.6)	(5.7)	(9.3)
Share Buyback	-	-	(20.9)	-
Income Tax (Tax benefit over financial expenses and interest on equity)	7.9	2.8	19.3	11.6
Total Cash Flow	**29.0**	**57.9**	**(69.3)**	**(36.2)**

* Cash cycle includes variation in accounts receivables, inventories and suppliers

** Does not include financing cash flow

Resources from operations amounted to R$ 109.1 million, equivalent to 5.5% of our gross revenues, while working capital employed totaled R$ 22.0 million, resulting in an operating cash flow of R$ 87.0 million in the period.

Fixed asset investments amounted to R$ 64.6 million versus R$ 63.4 million in the same period of 2013, including R$ 41.2 million in new store openings, R$ 13.1 million in existing stores renovation, and R$ 10.3 million in infrastructure.

We generated a total cash flow of R$ 29.0 million in the 3Q14, including R$ 1.3 million in net financial expenses, which was fully offset by the tax shield of R$ 7.9 million in the period.

In the 9M14, we recorded a free cash flow consumption of R$ 45.0 million and a total cash flow consumption of R$ 69.3 million, both due to the favorable cash cycle seasonality recorded in December, that penalizes the comparison with every other month of the year.

Finally, we accrued R$ 22.0 million in interest on equity in the quarter.

INDEBTEDNESS

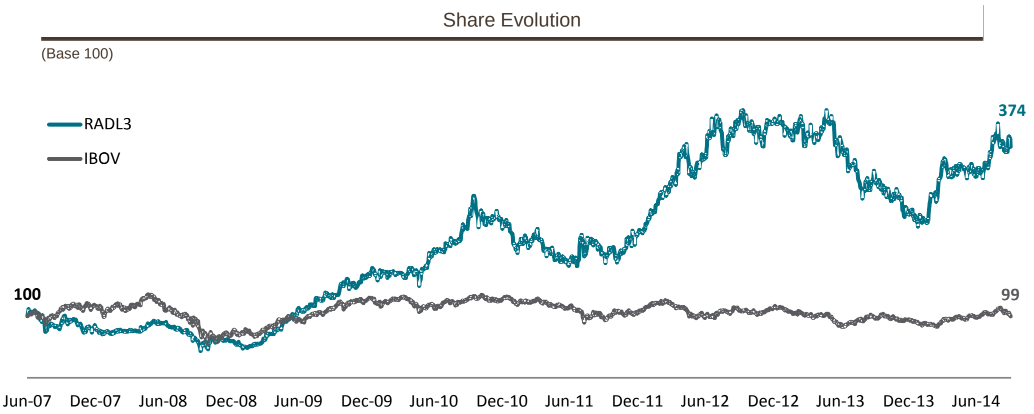
At the end of the quarter, our net debt amounted to R$ 72.2 million versus R$ 61.4 million recorded in the same period of the previous year.

Our gross debt totaled R$ 222.0 million, of which 100% is comprised by BNDES (Brazilian Economic and Social Development Bank) lines. Of our total indebtedness, 55.5% is long-term while 44.5% relates to the short-term parcels of our long-term debt. We ended the quarter with a total cash position (cash and marketable securities) of R$ 149.8 million.

Comments on Performance

CAPITAL MARKETS

Considering our share price of R$ 20.94 on September 30th, we have posted a return of 41.7% in the year, 36.6 percentage points above the IBOVESPA, which increased by 5.1% over the same period.



In the 3Q14, our average daily trading volume was of R$ 18.0 million.

Since the IPO of Drogasil, we achieved a cumulative increase of 273.9% when compared to a negative return of 0.5% of the IBOVESPA over the same period, a compound annual return of 19.9%.

Considering the IPO of Raia in December of 2010, the cumulative return in the period amounted to 99.9% when compared to a decrease of 20.4% by the IBOVESPA, a compound annual return of 20.1%. These figures do not include dividends and interest on equity paid over the period.

Comments on Performance

Adjusted Income Statement *(R$ thousand)*	**3Q13**	**3Q14**	**9M13**	**9M14**
Gross Revenues	**1,682,958**	**1,990,328**	**4,725,454**	**5,565,813**
Taxes, Discounts and Returns	(57,421)	(67,998)	(161,785)	(193,978)
Net Revenues	**1,625,537**	**1,922,329**	**4,563,670**	**5,371,835**
Cost of Goods Sold	(1,173,752)	(1,374,129)	(3,295,785)	(3,839,272)
Gross Profit	**451,785**	**548,200**	**1,267,885**	**1,532,563**
Operational (Expenses) Revenues				
Sales	(317,061)	(362,287)	(878,616)	(1,026,746)
General and Administrative	(43,933)	(45,967)	(128,841)	(147,253)
Other Operational Expenses, Net				
Operational Expenses	**(360,994)**	**(408,254)**	**(1,007,457)**	**(1,173,999)**
EBITDA	**90,791**	**139,947**	**260,428**	**358,564**
Depreciation and Amortization	(41,220)	(48,300)	(116,290)	(135,964)
Operational Earnings before Financial Results	**49,571**	**91,647**	**144,138**	**222,600**
Financial Expenses	(4,823)	(6,227)	(15,335)	(19,139)
Financial Revenues	2,183	4,878	6,033	13,477
Financial Expenses/Revenues	**(2,640)**	**(1,349)**	**(9,302)**	**(5,662)**
Earnings before Income Tax and Social Charges	**46,931**	**90,297**	**134,836**	**216,939**
Income Tax and Social Charges	(4,308)	(9,803)	(7,093)	(21,904)
Net Income	**42,623**	**80,494**	**127,743**	**195,034**

Comments on Performance

Income Statement *(R$ thousand)*	**3Q13**	**3Q14**	**9M13**	**9M14**
Gross Revenues	**1,682,958**	**1,990,328**	**4,725,454**	**5,565,813**
Taxes, Discounts and Returns	(57,421)	(67,998)	(172,506)	(193,978)
Net Revenues	**1,625,537**	**1,922,329**	**4,552,948**	**5,371,835**
Cost of Goods Sold	(1,173,752)	(1,374,129)	(3,297,184)	(3,839,272)
Gross Profit	**451,785**	**548,200**	**1,255,764**	**1,532,563**
Operational (Expenses) Revenues				
Sales	(322,162)	(362,287)	(867,435)	(1,026,746)
General and Administrative	(44,694)	(45,967)	(129,300)	(147,253)
Other Operational Expenses, Net	(14,300)	(2,754)	(32,595)	(5,622)
Operational Expenses	**(381,156)**	**(411,007)**	**(1,029,330)**	**(1,179,621)**
EBITDA	**70,629**	**137,193**	**226,434**	**352,942**
Depreciation and Amortization	(41,220)	(48,300)	(116,290)	(135,964)
Operational Earnings before Financial Results	**29,409**	**88,893**	**110,144**	**216,978**
Financial Expenses	(4,823)	(6,227)	(15,336)	(19,139)
Financial Revenues	2,183	4,878	6,033	13,477
Financial Expenses/Revenues	**(2,640)**	**(1,349)**	**(9,303)**	**(5,662)**
Earnings before Income Tax and Social Charges	**26,769**	**87,544**	**100,841**	**211,317**
Income Tax and Social Charges	(8,151)	(19,565)	(27,674)	(52,087)
Net Income	**18,618**	**67,979**	**73,167**	**159,230**

Comments on Performance

Assets	**3Q13**	**3Q14**
(R$ thousand)		
Current Assets		
Cash and Cash Equivalents	122,367	149,768
Accounts Receivable	364,639	445,430
Inventories	948,534	1,264,466
Taxes Receivable	58,136	38,060
Other Accounts Receivable	96,374	121,493
Following Fiscal Year Expenses	11,889	10,861
	1,601,939	2,030,078
Non-Current Assets		
Deposit in Court	10,276	12,649
Taxes Receivable	11,202	15,585
Other Credits	715	876
Property, Plant and Equipment	518,411	609,690
Intangible	1,156,102	1,130,070
	1,696,706	1,768,870
ASSETS	3,298,645	3,798,948

Comments on Performance

Liabilities and Shareholder's Equity	**3Q13**	**3Q14**
(R$ thousand)		
Current		
Suppliers	445,899	704,648
Loans and Financing	79,878	98,756
Salaries and Social Charges Payable	139,259	173,499
Taxes Payable	39,721	38,350
Dividend and Interest on Equity	22,049	44,429
Provision for Lawsuits	4,948	5,188
Other Accounts Payable	58,884	77,285
	790,638	1,142,154
Non-Current Assets		
Loans and Financing	103,933	123,243
Provision for Lawsuits	8,463	8,943
Income Tax and Social Charges deferred	87,876	115,159
Other Accounts Payable	2,868	3,294
	203,140	250,640
Shareholder's Equity		
Common Stock	908,639	908,639
Capital Reserves	1,039,935	1,019,037
Revaluation Reserve	12,988	12,802
Income Reserves	294,721	357,169
Accrued Income	48,584	108,507
	2,304,867	2,406,154
LIABILITIES AND SHAREHOLDERS' EQUITY	3,298,645	3,798,948

Comments on Performance

	3Q13	3Q14	9M13	9M14
Cash Flow				
Earnings before Income Tax and Social Charges	**26,769**	**87,544**	**100,841**	**211,317**
Adjustments				
Depreciations and Amortization	41,220	48,300	116,290	135,964
P,P&E and Intangible Assets residual value	2,723	259	4,661	684
Provisioned Lawsuits	114	(845)	2,329	2,222
Provisioned Inventories Loss	(237)	2,441	9,413	5,004
Allowance for Doubtful Accounts	(469)	(1,502)	(1,246)	(762)
Provisioned Store Closures				3,081
Interest Expenses	4,154	5,670	12,943	18,035
	74,274	**141,867**	**245,231**	**375,545**
Assets and Liabilities variation				
Accounts Receivable	13,769	(30,145)	(7,189)	(83,951)
Inventories	60,148	(95,361)	15,448	(136,848)
Other Short Term Assets	13,559	(5,688)	35,780	724
Long Term Assets	2,282	(2,231)	8,092	(5,757)
Suppliers	(43,491)	75,792	(129,688)	28,224
Salaries and Social Charges	28,065	20,710	46,362	57,147
Taxes Payable	(7,448)	2,655	(5,408)	(29,589)
Other Liabilities	(13,321)	4,091	(35,450)	(2,431)
Rent Payable	477	8,141	3,412	9,804
Cash from Operations	**128,314**	**119,831**	**176,590**	**212,868**
Income Tax and Social Charges Paid	(2,918)	(20,531)	(11,629)	(38,866)
Net Cash from (invested) Operational Activities	**125,396**	**99,300**	**164,961**	**174,002**
Investment Activities Cash Flow				
P,P&E and Intangible Acquisitions	(64,564)	(64,594)	(176,648)	(188,164)
P,P&E Sale Payments	1,186		1,383	793
Net Cash from Investment Activities	**(63,378)**	**(64,594)**	**(175,265)**	**(187,371)**
Financing Activities Cash Flow				
Funding			26,121	37,703
Payments	(13,112)	(23,921)	(40,800)	(63,455)
Interest Paid	(96)	(4,525)	(6,625)	(15,112)
Share Buyback				(20,898)
Interest on Equity and Dividends Paid			(12,988)	(16,986)
Net Cash from Funding Activities	**(13,208)**	**(28,446)**	**(34,292)**	**(78,748)**
Cash and Cash Equivalents net increase	**48,810**	**6,260**	**(44,596)**	**(92,117)**
Cash and Cash Equivalents in the beggining of the period	**73,557**	**143,508**	**166,963**	**241,885**
Cash and Cash Equivalents in the end of the period	**122,367**	**149,768**	**122,367**	**149,768**

Notes to interim financial statements

1. Operations

Raia Drogasil S.A. (“Company”) is a publicly-held company, registered at the São Paulo State Stock Exchange – New Market segment, headquartered in the city of the São Paulo state.

The Company is primarily engaged in retail sales of medicines, perfumery items, personal care and beauty products, cosmetics and dermocosmetics. Sales are carried out by 1,045 stores located in the states of São Paulo, Minas Gerais, Rio de Janeiro, Goiás, Paraná, Distrito Federal, Santa Catarina, Espírito Santo, Rio Grande do Sul, Bahia, Mato Grosso do Sul, Mato Grosso, Pernambuco, Alagoas and Sergipe, as follows:

	Sep-2014
São Paulo	611
Minas Gerais	80
Rio de Janeiro	79
Goiás	61
Paraná	51
Distrito Federal	45
Santa Catarina	24
Espírito Santo	22
Rio Grande do Sul	20
Bahia	19
Mato Grosso do Sul	16
Mato Grosso	9
Pernambuco	5
Alagoas	2
Sergipe	1
	1,045 (*)

(*) The number of stores is not an integral part of the audit scope.

2. Presentation of quarterly information

The quarterly information was approved by the Executive Board on November 5, 2014.

The quarterly information is presented in thousands of reais (R$), which is the Company functional and reporting currency.

The Company’s quarterly information for the periods ended September 30, 2014 and 2013 was prepared and is presented in accordance with accounting pronouncement CPC 21 (R1) (interim financial statements) in accordance with the provisions included in the CVM/SNC/SEP Memorandum Circular No. 003/2011 dated April 28, 2011.

The Company’s financial statements for year ended December 31, 2013 were prepared in accordance with accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM) and pronouncements issued by the Brazilian Financial Accounting Standard Board – FASB (CPC).

The quarterly information includes estimates referring to provision for inventory losses, allowance for doubtful accounts, valuation of financial instruments, property and equipment and intangible asset depreciation and amortization terms, provisions for contingencies, provisions for taxes, as well as other similar provisions.

The Company adopted all standards, revised standards and interpretations issued by the Brazilian FASB (CPC), which were effective as at September 30, 2014.

3. New standards, interpretations and amendments to standards

a) Following are the new pronouncements that became effective from January 1st, 2014, which did not have any significant effects on the Company's interim financial information though:

(i) IAS 32 – Offsetting Financial Assets and Liabilities – Amendment to IAS 32: these amendments clarify the meaning of "currently has a legally enforceable right to set-off the amounts recognized" and the criterion that would cause settlement mechanisms that are not simultaneous (such as clearing house systems) to qualify for such offsetting.

(ii) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27): these introduce a consolidation exception for entities that meet the definition of investment entity in IFRS 10. Under this exception, investment entities are required to measure their investments in subsidiaries at fair value through profit or loss.

(iii) IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – Amendment to IAS 39: this amendment introduces a relief regarding discontinuance of hedge accounting where a derivative, which is designated as hedging instrument, is novated if specific conditions are met.

(iv) IFRIC 21 – Levies – IFRIC 21 provides guidance on when to recognize a liability for a tax or levy when the obligating event occurs. For a levy that is triggered upon reaching a given metric, the interpretation indicates that no liability should be recognized before the specified metric is reached. Management does not anticipate any material impact from IFRIC 21 on the Company's financial statements.

b) Following are the new or revised pronouncements issued by the IASB, nonetheless not effective until the issue date of this quarterly information and not early adopted by the Company.

(i) IFRS 9 – Financial Instruments – This is the first step in IASB's project to replace IAS 39 and applies to classification and measurement of financial assets and liabilities, as set forth in IAS 39. Initially, the pronouncement would become effective for annual periods beginning on or after January 1st, 2013, but Amendments to IFRS 9: Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, amended the effective date of IFRS 9 to annual periods beginning on or after January 1st, 2015. In the subsequent steps, IASB will tackle issues such as hedge accounting and provision for impairment of financial assets. The Company does not anticipate any material impact therefrom on its financial statements.

Notes to interim financial statements

(ii) IFRS 15 – Revenue from contracts with customers – Establishes a model of five stages applicable to revenue from a contract with customers, regardless of the type of revenue transaction or industry. This is applicable to all revenue contracts and provides a model for recognition and measurement of gains or losses on sale of certain nonfinancial assets that are not related to the Company's ordinary activities (for example, sales of properties, facilities and equipment or intangible assets). Enhanced disclosures are also required by this standard. This pronouncement will become effective for annual periods beginning on or after January 1st, 2017, and early adoption is allowed.

Existing pronouncements that have been amended:

(iii) IFRS 5 – Noncurrent Assets Held for Sale and Discontinued Operations – Changes in disposal method: Clarifies that the change in the disposal method of the asset, whether in a sale or distribution to owners should not be considered a new disposal plan, but a continuation of the original plan. Thus, there is no interruption in the application of IFRS 5 requirements. This amendment also clarifies that the change in the disposal method does not change the classification date. This amendment will be applied prospectively to changes in the disposal method occurred in annual periods beginning on or after January 1st, 2016, and early adoption is allowed.

(iv) IFRS 7 – Financial Instruments (Disclosure) – Servicing contracts: clarifies that a service contract that excludes management fee may be construed as continuing involvement in a financial asset. An entity should evaluate the nature of the fee and arrangement against guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C, in order to evaluate whether disclosures are required. This amendment will become effective for annual periods beginning on or after January 1, 2016, and early adoption is allowed.

(v) IFRS 7 – Financial Instruments (Disclosure) – Applicability of offset disclosures to the condensed financial statements: This amendment removes the expression "and interim periods within these annual periods" of paragraph 44R, clarifying that these IFRS 7 disclosure requirements are not required to condensed financial statements. However, IAS 34 requires an entity to disclose "an explanation of events and transactions that are significant to understand the changes in financial position and performance of the entity since the end of the last annual period". Accordingly, if the disclosures in IFRS 7 reflect a significant update to the information contained in the latest annual report, these disclosures are expected to be included in the condensed financial statements. This amendment will become effective retrospectively for annual periods beginning on or after January 1st, 2016, and early adoption is allowed.

(vi) IAS 19 – Employee benefits – Discount rate, issue in regional market: this amendment clarifies that high quality market corporate bonds should be evaluated based on the currency in which the obligation is denominated, rather than that prevailing in the country where the obligation lies. When there is no high quality market for corporate bonds in a certain currency, the rates on government bonds must be applied. This amendment will become effective for annual periods beginning on or after January 1st, 2016, and early adoption is allowed.

(vii) IAS 34 – Interim Financial Statement – Disclosure of information "in other parts of the interim financial statements": Establishes that the required interim disclosures should be included in the interim financial statements or incorporated, by reference, betweeen the interim financial statements, and wherever they are included within the interim financial information (for instance, in the management letter or risk report). This amendment will become effective retrospectively for annual periods beginning on or after January 1st, 2016, and early adoption is allowed.

Notes to interim financial statements

The Company intends to adopt these standards when they become effective, disclosing and recognizing the impacts on its interim financial information that may occur upon adoption.

The Brazilian FASB (CPC) has not yet issued the respective pronouncements and amendments relating to the new and revised IFRSs presented in this note. On account of the commitment assumed by the Brazilian FASB (CPC) and the Brazilian SEC (CVM) to keep the omnibus of standards current with IASB updates, these pronouncements and amendments are expected to be issued by the Brazilian FASB (CPC) and approved by the Brazilian SEC (CVM) until the date of their mandatory application.

There are no other IFRS standards not yet effective, which could have a significant impact on the Company.

4. Summary of significant accounting practices

The accounting practices adopted for preparing this interim financial information are consistent with those disclosed in Note 4 to the financial statements as at December 31, 2013.

5. Cash and cash equivalents

	Sep-2014	**Dec-2013**
Cash and banks	32,289	37,875
Bank deposit certificates	112,392	64,181
Debentures – repurchase agreements	5,087	109,100
Time deposit with special guarantee of the Credit Guarantee Fund (FGC)		30,729
	149,768	241,885

Investments in Bank Deposit Certificate (CDB), debentures – repurchase agreement, and Time Deposit with Special Guarantee (DPGE) of the Deposit Insurance Fund (DIF) are classified as “financial instruments held for trading” and are restated based on the Interbank Deposit Certificate (CDI) percentage variation, which reflects the realizable value.

Notes to interim financial statements

6. Trade accounts payable

The aging list of trade accounts receivable is as follows:

	Sep- 2014	Dec-2013
Falling due	430,753	365,350
Past due:		
From 1 to 30 days	14,698	7,570
From 31 to 60 days	766	340
From 61 to 90 days	39	347
From 91 to 180 days	107	577
From 181 to 360 days	177	160
Above 360 days	76	95
Allowance for doubtful accounts	(1,185)	(1,180)
	445,431	373,259

Day sales outstanding are approximately 40 days, which is deemed one of the regular conditions inherent in the Company operations. As such, no balances and transactions were identified for which the effect of the present value adjustment is considered significant.

Changes in the allowance for doubtful accounts are as follows:

	Sep-2014	Dec-2013
Opening balance	(1,180)	(738)
Additions	(10,990)	(3,175)
Reversals	10,985	2,733
Closing balance	(1,185)	(1,180)

Accounts receivable are classified as “Receivables”, under financial assets, and are therefore measured as described in Note 4 c-i-3 to the financial statements for the year ended December 31, 2013.

7. Inventories

	Sep-2014	Dec-2013
Goods for resale	1,286,887	1,150,176
Materials	8,762	8,624
Provision for inventory losses	(31,184)	(26,180)
Total inventories	1,264,465	1,132,620

Notes to interim financial statements

The Company's inventories are stated at average cost.

Changes in provision for inventory losses are as follows:

	Sep-2014	Dec-2013
Opening balance	(26,180)	(10,913)
Additions	(11,115)	(26,937)
Reversals	6,111	11,670
Closing balance	(31,184)	(26,180)

Cost of sales referring to continued operations recognized in P&L for the quarter ended September 30, 2014 amounted to R$1,351,484 (R$1,155,085 at September 30, 2013).

The amount of inventory losses recognized as losses in the quarter amounted to R$22,644 (R$18,667 at September 30, 2013) recognized under “Cost of sales”.

The effect of the set up, reversal, or write-off of the provision for inventory losses is recorded in the income statement, under “Cost of sales”.

8. Taxes recoverable

	Sep-2014	Dec-2013
Current		
State VAT (ICMS) – credit balance	22,486	8,322
ICMS – Refund of ICMS withheld in advance (CAT Ordinance No. 17/99)	1,796	22,234
ICMS – On acquisitions of property and equipment	3,685	3,725
ICMS – Other		205
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	1	1
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	1	2
Withholding Income Tax (IRRF)	2,222	3,642
Corporate Income Tax (IRPJ)	5,364	
Social Contribution Tax on Net Profit (CSLL)	2,505	527
	38,060	38,658
Noncurrent		
ICMS – On acquisitions of property and equipment	15,024	11,298
Social Security Funding Tax (FINSOCIAL) – 1982 – court-ordered debts	561	561
	15,585	11,859
Total	53,645	50,517

The ICMS credits amounting to R$22,486 and R$1,796 (R$8,322 and R$22,234 – Dec/2013) arise from the differentiated rates applicable to ICMS and ICMS-ST (tax substitution) refund in goods’ receiving and shipping operations conducted by its distribution centers in São Paulo and Paraná states to supply its branches located in other Brazilian states.

The Company analyzed the use of ICMS credits and concluded that the credit balances will be consumed in short-term.

9. Property and equipment and intangible assets

a) Property and equipment

Changes in the Company's property and equipment are as follows:

	Land	Buildings	Furniture, fixtures and facilities	Machinery and equipment	Vehicles	Leasehold improvements	Refits and refurbishment of stores	Total
Cost								
Balance at December 31, 2013	27,725	42,053	264,236	122,745	21,200	381,174	10,979	870,112
Additions			37,865	21,069	2,109	106,472		167,515
Transfers			(16,998)	17,066		(68)		
Disposals and write-offs			(7,227)	(3,611)	(1,740)	(9,737)		(22,315)
Provision for store closedown			(871)	(405)		(2,134)		(3,410)
Balance at September 30, 2014	27,725	42,053	277,005	156,864	21,569	475,707	10,979	1,011,902
Accumulated depreciation								
Average annual depreciation rates (%)		2.5 – 2.7	7.4 – 10	7.1 – 15.8	20 – 23.7	17 – 21.6	20	
Balance at December 31, 2013		(16,596)	(103,362)	(57,035)	(11,878)	(138,296)	(6,316)	(333,483)
Additions		(837)	(17,778)	(11,455)	(2,878)	(56,877)	(1,583)	(91,408)
Transfers			4,949	(4,983)		34		
Disposals and write-offs			6,897	3,467	1,701	9,098		21,163
Provision for store closedown			279	189		1,048		1,516
Balance at September 30, 2014		(17,433)	(109,015)	(69,817)	(13,055)	(184,993)	(7,899)	(402,212)
Net balance								
December 31, 2013	27,725	25,457	160,874	65,710	9,322	242,878	4,663	536,629
September 30, 2014	27,725	24,620	167,990	87,047	8,514	290,714	3,080	609,690

b) Intangible assets

Changes in the Company's intangible assets are as follows:

	Point of sale	Software use license and system implementation	Goodwill on acquisition of company (Vison)	Goodwill on acquisition of company (Raia S.A.)	Trademarks	Customer portfolio	Other intangible assets	Total
Cost								
Balance at December 31, 2013	230,207	64,985	22,275	780,084	151,700	41,700	4,440	1,295,391
Additions	14,864	10,064					690	25,618
Write-offs	(4,661)	(6)					(3)	(4,670)
Provision for store closedown	(1,569)							(1,569)
Balance at September 30, 2014	238,841	75,043	22,275	780,084	151,700	41,700	5,127	1,314,770
Accumulated amortization								
Average annual depreciation rates (%)	17 – 23.4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	6.7 - 25	20	
Balance at December 31, 2013	(85,733)	(36,164)	(2,387)			(19,847)	(721)	(144,852)
Additions	(29,876)	(7,696)				(6,870)	(114)	(44,556)
Write-offs	4,320	6						4,326
Provision for store closedown	382							382
Balance at September 30, 2014	(110,907)	(43,854)	(2,387)			(26,717)	(835)	(184,700)
Net balance								
December 31, 2013	144,474	28,821	19,888	780,084	151,700	21,853	3,719	1,150,539
September 30, 2014	127,934	31,189	19,888	780,084	151,700	14,983	4,292	1,130,070

c) Goodwill on acquisition of Drogaria Vison Ltda.

Goodwill of R$19,888 refers to the acquisition of Drogaria Vison Ltda. on February 13, 2008, merged into the Company on June 30, 2008.

Goodwill is based on the expected future profitability and estimated return within seven years, as assessed by an independent expert, and was amortized from April to December 2008. As provided for by OCPC 02, goodwill has not been amortized since 2009 and will be tested for impairment annually.

d) Goodwill on acquisition of Raia S.A.

The Company calculated goodwill of R$780,084 in the business combination with Raia S.A., based on expected future profitability, stemming from the difference between the values of assets transferred and received with an expected return of five and a half years. As provided for by OCPC 02, goodwill will not be amortized and it has been tested for impairment annually since 2009.

10. Loans and financing

Financing for acquisition of	**Annual average long-term interest rate**	**Sep-2014**	**Dec-2013**
BNDES – FINAME			
. Ventures	TJLP (+ 3.70% - Dec/2013) p.a.		266
BNDES – FINAME			
Ventures	TJLP + 2.80% (+ 2.76% - Dec/2013) p.a.	5,963	16,298
Ventures	IPCA + 7.49% + 1.56% (+ 7.51% + 1.46% - Dec/2013) p.a.	12,212	17,734
Machinery and equipment	TJLP + 2.30% (+ 2.07% - Dec/2013) p.a.	237	816
BNDES – Subloan			
Ventures	TJLP + 2.84% (+ 3.04% - Dec/2013) p.a.	114,980	106,168
Ventures	SELIC + 2.37% (+ 2.37% - Dec/2013) p.a.	30,095	33,552
Machinery, equipment and vehicles	Fixed 3.23% (3.18% - Dec/2013) p.a.	15,672	11,568
Machinery, equipment and vehicles	TJLP + 1.79% (+ 1.79% - Dec/2013) p.a.	1,875	2,524
Working capital	TJLP + 4.15% (+ 4.15% - Dec/2013) p.a.	2,295	4,017
Working capital	SELIC + 3.07% (+ 3.07% - Dec/2013) p.a.	38,670	51,882
		221,999	244,825
Current liabilities		(98,756)	(83,944)
Noncurrent liabilities		123,243	160,881

In FINAME operations, financed assets were offered as collateral, while bank guarantees were offered for part of FINEM operations.

Loans taken from BNDES are for expansion of stores, acquisition of machinery/equipment, vehicles and also to finance the Company working capital.

The agreements enable the Company to replace bank guarantees with other guarantees of first-tier financial institutions at any time.

Part of the Company's loans with BNDES is substantially taken out under subloans type, totaling R$206,473 (R$214,206 – Dec/2013) subject to the compliance with two covenants:

(i) EBITDA margin (EBITDA/net operating revenue): equal to or higher than 3.6%; and

(ii) Total net debt/total assets: equal to or lower than 20%.

Measurement of covenants is made on an annual basis and, at September 30, 2014 and December 31, 2013, such requirements were met.

If these requirements were not met, the Company would provide BNDES with bank guarantee to ensure the performance of the agreement.

The Company has no contingent contracts to comply with nonfinancial covenants.

Long-term amounts have the following payment flows:

	Sep-2014
2015	16,393
2016	58,406
2017	37,214
2018	11,230
	123,243

11. Provision for contingencies and judicial deposits

In the ordinary course of its business, the Company is subject to tax, civil and labor claims. Supported by the opinion of its legal advisors and by specific opinions issued by experts, where applicable, management assesses the likelihood of loss regarding ongoing litigation and determines whether or not setting up a provision for contingencies is necessary.

At September 30, 2014 and December 31, 2013, the Company had the following liabilities and corresponding judicial deposits relating to legal proceedings:

	Sep-2014	**Dec-2013**
Labor and social security	15,154	12,668
Tax	550	457
Civil	4,444	4,801
	20,148	17,926
Corresponding judicial deposits	(6,017)	(4,993)
Total	14,131	12,933
Current liabilities	(5,188)	(4,912)
Noncurrent liabilities	8,943	8,021

Changes in this provision are as follows:

	Sep-2014	Dec-2013
Opening balance	12,933	13,850
Additions	5,947	8,681
Write-offs	(4,209)	(4,650)
Revaluation of amounts	(1,815)	(4,295)
Monetary restatements	2,299	3,120
Defense and appeal-related deposits	(1,024)	(3,773)
Closing balance	14,131	12,933

The provision for legal proceedings took into consideration the best estimate of the amounts involved, for the cases in which the likelihood of loss is estimated as probable by external and internal legal advisors, and a portion of these proceedings is guaranteed by pledged assets or judicial deposits (Note 19).

Possible losses

At September 30, 2014 and December 31, 2013, the Company is party to tax, civil and labor claims, whose likelihood of loss is estimated as possible by management and its legal advisors, amounting to R$53,190 (R$41,417 – Dec/2013).

Judicial deposits

At September 30, 2014 and December 31, 2013, the Company had the following judicial deposit amounts for which no corresponding provision was set up:

	Sep-2014	Dec-2013
Labor and social security	5,152	3,005
Tax	6,874	7,135
Civil	623	623
Total	12,649	10,763

Labor contingencies

The labor claims, in general, refer to proceedings filed by former employees, questioning unpaid overtime and severance pay. The Company is also party to proceedings assumed upon acquisition of Raia S.A. filed by former employees of companies providing outsourced services, claiming to have an employment relationship directly with the Company or that the Company receive a joint enforcement order for the payment of the labor rights claimed. There are also proceedings filed by workers' unions regarding workers' union dues, by virtue of the jurisdictional legitimacy issue.

Tax contingencies

These refer to various administrative fines, rate differences on interstate transfers and tax collection proceedings.

Civil contingencies

The Company figures as defendant to claims that discuss usual and unique matters deriving from Company activity, most of which seek indemnification for property damage and pain and suffering from consumption relations, such as indemnification claims due to undue protest of notes and consumption relations.

12. Income and social contribution taxes

a) Effective income and social contribution taxes

Effective income and social contribution taxes for the quarters refer to:

	3Q2014	3Q2013
Income before income and social contribution taxes	87,544	26,769
Interest on equity	(22,000)	(5,500)
Taxable profit	65,544	21,269
Combined rate (income tax – 25% and social contribution tax – 9%)	34	34
Theoretical expenses	(22,285)	(7,231)
Permanent additions	220	(272)
Tax reduction in connection with incentives	238	
Tax loss offset adjustment	2,306	
Other	(44)	(648)
Effective income and social contribution tax expense	(19,565)	(8,151)
Effective rate – %	22.3	30.4

b) Deferred income and social contribution taxes

Deferred income and social contribution tax assets amounting to R$47,773 at September 30, 2014 (R$38,314 – Dec/2013), derive from temporarily nondeductible expenses, to which statute of limitations is not applicable and with realization provided for by item (c) below.

Deferred income and social contribution tax liabilities amounting to R$162,932 at September 30, 2014 (R$132,294 – Dec/2013), comprise tax charges levied on the remaining balances: (i) the revaluation reserve; and (ii) goodwill on future profitability.

Effective income and social contribution taxes for the quarters refer to:

	Balance sheet		P&L	
	Sep-2014	Dec-2013	3Q-2014	3Q-2013
Revaluations at fair value of land and buildings	(7,376)	(7,449)		
Amortization of goodwill on future profitability	(86,665)	(51,842)	(10,997)	(10,972)
Surplus value of intangible assets - merger of Raia S.A.	(68,891)	(73,003)	1,370	1,372
Other	343	(1,969)	(2)	(37)
Provision for contingencies	6,850	6,095	(224)	(2,051)
Allowance for doubtful accounts	2,040	1,590	(511)	(107)
Provision for discretionary bonuses				
Provision for officers' bonuses	4,240	1,636	414	(14)
Provision for internal campaigns	850	523	246	146
Provision for inventory obsolescence	14,040	8,900	2,118	(81)
Provision for employees' profit sharing	4,998	2,955	(652)	(155)
Goodwill on profitability of Drogaria Vison Ltda.	365	365		
Sundry provisions	3,458	5,191	(108)	1,991
Tax loss to offset against future taxable profit	4,612	5,934	1,649	2,875
Provision for extraordinary expenses	3,180	101	1,119	(70)
Provision for losses on loans to employees				952
Tax benefit from goodwill on merger	2,797	6,993	(1,399)	(1,399)
Deferred income and social contribution tax expense (revenue)			(6,977)	(7,550)
Deferred tax assets (liabilities), net	(115,159)	(93,980)		

Reconciliation of deferred tax assets (liabilities), net	**Sep-2014**	**Dec-2013**
Opening balance	(93,980)	(64,021)
Taxable revenue recognized in P&L	(21,251)	(30,055)
Deferred tax recorded in equity	72	96
Closing balance	(115,159)	(93,980)

c) Estimated recovery of income and social contribution tax credits

Projections on future taxable profits take into consideration estimates relating to Company performance, as well as the behavior of the market in which the Company operates and certain economic aspects, among others. Actual results may differ from these estimates. According to these projections, tax credit amounting to R$47,773 will be fully realized until the end of 2015.

d) Provisional Executive Order (MP) No.627/13 signed into Law No.12973/2014

In November 2013, Provisional Executive Order (MP) No. 627 was published providing for nontaxation on profits and dividends calculated on P&L computed between January 1st, 2008 and December 31, 2013, by legal entities whose taxable profit is computed on their accounting records *("lucro real")*, or estimated as a percentage of their gross revenue *("lucro presumido")*, or under the reconstructed profit regime *("lucro arbitrado")*, actually paid until the date of publication of said MP, in amounts greater than those computed using the accounting methods and criteria in force at December 31, 2007, as long as the entity that paid up profits or dividends had elected for early adoption of the new taxation regime as from 2014.

In May 2014, this MP was signed into Law No. 12973 with amended provisions as to treatment of dividends, interest on equity and measurement of investments using the equity method, among others. Unlike the provisions of the MP, Law No. 12973 provided for unconditional nontaxation on profits and dividends calculated on P&L computed between January 1st, 2008 and December 31, 2013.

The Company analyzed the potential effects of Law No. 12973/14, considered them immaterial for its financial statements as at September 30, 2014 and December 31, 2013, and is now to decide on its elective adoption, which shall be formally expressed in the Federal Tax Debt and Credit Return (DCTF) concerning the taxable events occurred in August 2014, the filing of which is scheduled for November 7, 2014, disclosed by RFB Revenue Procedure No. 1499 of October 15, 2014.

13. Earnings per share

The table below shows P&L data and shares used to calculate basic and diluted earnings per share:

	3Q-2014	3Q-2013
Basic		
Net income	67,979	18,618
Weighted average number of common shares	329,286	330,386
Basic earnings per share (in R$)	**0.20644**	**0,05635**
Diluted		
Net Income	67,979	18,618
Weighted average number of common shares	329,286	330,386
Weighted average number of common shares adjusted by dilution effect	329,286	330,386
Earnings per share (in R$) – diluted	**0.20644**	**0.05635**

14. Equity

a) Capital

At September 30, 2014, fully paid-in capital of R$908,639 was divided into 330,386,000 common registered book-entry no-par-value shares, 191,872,437 of which were outstanding (192,804,770 shares at December 31, 2013).

Pursuant to Company Articles of Incorporation, the Board of Directors is authorized to increase capital up to the limit of 400,000,000 common shares.

Changes in the number of outstanding shares are as follows:

	Shares outstanding
Status at December 31, 2013	192,804,770
Purchase)/sale of restricted shares, net	167,667
Repurchase of shares between May and June 2014	(1,100,000)
Status at September 30, 2014	191,872,437

At September 30, 2014, Company common shares were traded at R$20.94 (closing price).

b) Treasury shares

On April 24, 2014 the Board of Directors authorized, for a 365-day period, the purchase of 1,100,000 registered common no-par-value shares of the Company to be held in treasury for later sale.

	Number of shares (in units)
Status at December 31, 2013	
Repurchase of shares between May and June 2014	1,100,000
Status at September 30, 2014	1,100,000

Treasury shares at September 30, 2014 were as follows:

Shares purchased (in units)	Total amount paid for shares (**)	Unit cost of shares			Market value of shares at September 30, 2014(*)
		Minimum	Maximum	Medium	
1,100,000	20,898	18.39	19.30	18.96	23,034

(*) Share traded at R$20.94.
(**) Includes brokerage expenses and fees.

15. Net sales revenue

	3Q-2014	3Q-2013
Gross sales revenue		
Sales revenue	1,987,786	1,680,723
Service revenue	2,541	2,235
	1,990,327	1,682,958
Sales taxes	(57,121)	(48,814)
Returns	(10,877)	(8,607)
Sales revenue, net	1,922,329	1,625,537

Sales taxes primarily comprise ICMS at rates between 17% and 18% preponderantly, for goods not subject to the tax substitution (“ST”) regime, Service Tax (ISS) at 5%, as well as PIS (1.65%) and COFINS (7.65%) for goods not subject to the so-called ‘one-time payment’ taxation regime (Law No. 10147/00).

16. Information on nature of expenses recognized in the income statement

The Company presented its income statement using a classification of expenses based on the nature there of. Information on the nature of these expenses recorded in the income statement is as follows:

	3Q2014	3Q2013
Cost of sales	(1,374,128)	(1,173,752)
Personnel expenses	(239,074)	(221,978)
Service provider expenses	(19,371)	(18,640)
Depreciation and amortization	(48,300)	(41,220)
Other (i)	(149,809)	(126,238)
	(1,830,682)	(1,581,828)

Classified in the income statement as:

	3Q-2014	3Q-2013
Cost of sales	(1,374,128)	(1,173,752)
Selling expenses	(362,287)	(322,162)
General and administrative expenses	(45,967)	(44,694)
Depreciation and amortization	(48,300)	(41,220)
	(1,830,682)	(1,581,828)

(i) These refer mostly to expenses with property lease, management fees, credit and debt card administration charges, transportation, maintenance of assets, customer accounts, store and supplies and condo fees.

17. Other operating expenses

At September 30, 2014 (In the third quarter of 2014?), “Other operating expenses” totaled R$2,754 (R$14,300 at September 30, 2013 (or In the third quarter of 2014?)). These amounts comprise nonrecurring expenses, most of which was generated in Company merger process and due to bonuses paid to management members.

18. Financial income and expenses

a) Financial income

	3Q-2014	3Q-2013
Discounts obtained	59	82
Short-term investment yields	4,338	1,495
Interest income		8
Monetary gains	479	597
Other financial income	2	1
Total financial income	4,878	2,183

b) Financial expenses

	3Q-2014	3Q-2013
Discounts granted to customers	(17)	
Interest, charges and bank fees	(283)	(362)
Charges on loans and financing	(5,670)	(4,158)
Monetary losses	(257)	(303)
Total financial expenses	(6,227)	(4,823)
Financial income (expenses)	(1,349)	(2,640)

19. Procedural guarantees

Tax, social security and labor claims were guaranteed by the following property and equipment items:

	Sep-2014	Dec-2013
Furniture and facilities	49	108
Machinery and equipment	87	126
	136	234

20. Lease agreement commitments

The Company has entered into lease agreements with terms ranging from one to twenty years. Lease expenses vary depending on the number of stores opened or store closedown. Total monthly expenses on these lease agreements (including lease, condo fees and Real Estate Tax – IPTU) were R$25,232 (R$19,163 at Dec/2013) for the Company.

At September 30, 2014 and December 31, 2013, future minimum payments referring to lease of stores (revocable lease agreements) are as follows:

From	Sep-2014	Dec-2013
1 to 12 months	224,657	165,421
13 to 60 months	562,663	401,971
Above 60 months	177,986	159,110
	965,306	726,502

21. Financial instruments and risk management policy

Book value of Company financial instruments approximates fair value, as shown in the tables below.

At September 30, 2014 and December 31, 2013, the Company has short-term investments measured at fair value through profit or loss, which is classified as “level 1”, according to Note 4c-iii to the financial statements for the year ended December 31, 2013.

Financial assets

Significant financial assets are cash and cash equivalents, short-term investments and trade accounts receivable:

	Sep-2014	Dec-2013
Fair value through profit or loss - held for trading		
Cash and cash equivalents (Note 5)	149,768	241,885
	149,768	241,885
Receivables		
Trade accounts receivable (Note 6)	445,431	373,259
Other accounts receivable	121,493	108,953
	566,924	482,212
Total	716,692	724,097

Financial liabilities

Significant financial liabilities are trade accounts payable, loans and financing and other accounts payable:

	Sep-2014	Dec-2013
Other financial liabilities		
Trade accounts payable	704,648	671,455
Loans and financings (Note 10)	221,999	244,825
Other accounts payable	80,578	72,181
Total	1,007,225	988,461

The Company is exposed to various financial risks arising from its operations, such as market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse impacts on its financial performance.

The Board of Directors establishes principles for overall risk management, as well as for specific areas, such as interest rate risk, credit risk, use of non-derivative financial instruments, and investment of cash surplus.

a) Market risk

Currency risk

All funding and investment operations of the Company are denominated in Reais (R$); therefore, the Company is not exposed to risk arising from exchange fluctuation.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to liabilities subject to variable interest rates. Management understands that the single risk to which the Company is exposed refers to the mismatch between BNDES financing (R$12,212) in IPCA + interest against investments in CDI.

Most of the BNDES transactions are entered into based on the Long-term Interest Rate (TJLP) + interest and on the SELIC rate. Short-term investments are entered into based on CDI variation, which does not result in higher interest rate risk, since these variations are not significant. Management understands that the risk of significant changes in P&L and in cash flows is low.

b) Credit risk

Credit risks are related to financial assets, i.e. cash and cash equivalents, short-term investments and trade accounts receivable.

Cash and cash equivalents and short-term investments are maintained with sound financial institutions.

The granting of credit upon sales of goods follows a policy that aims at minimizing default. For the period ended September 30, 2014, credit sales represented 49%, 87% of which refer to credit card sales which, in the opinion of the Company and based on the history of losses, pose extremely low risk. The remaining 13%, which are credits from Drug Benefit Programs (PBMs), special plans with companies and postdated checks pose low risk, due to customer selectivity and adoption of individual limits.

c) Liquidity risk

Management continuously monitors Company cash needs in order to ensure cash is sufficient to carry out its operations. Cash surplus is invested in financial assets with adequate maturity in order to ensure the liquidity necessary to honor its obligations.

d) Sensitivity analysis

Sensitivity analysis of Company financial instruments, from which losses may arise, is as follows:

The most probable scenario (scenario I), according to assessment by Management, is based on a three-month time span. In addition, two other scenarios are presented, pursuant to CVM Rule No. 475/08, in order to state an additional 25% and 50% impairment, respectively (scenarios II and III).

Operation	Risk	Scenario I (probable)	Scenario II	Scenario III
Short-term investments – CDI	0.5% increase	587	734	881
Revenue		587	734	881
BNDES financing (IPCA + interest)	1% mismatch	122	153	183
REFIS (SELIC)	0.5% increase	8	10	12
Expense		130	163	195

The risk of variations in the Long-Term Interest Rate (TJLP) on BNDES operations which could result in material losses for the Company is not estimated as probable by management.

e) Capital management

Company objective relating to capital management is to maintain its investment capacity, thus allowing its growth as well as the generation of return to shareholders.

The Company adopts the policy of not leveraging its capital structure with loans and financing, except for long-term credit facilities from BNDES (FINEM/FINAME), with interest rates that are commensurate with Company profit levels.

Accordingly, the financial leverage ratio results from the net debt divided by equity. Net debt represents total financing less total cash and cash equivalents, as shown below:

	Sep-2014	Dec-2013
Financing	221,999	244,825
Cash and cash equivalents	(149,768)	(241,885)
Net debt	72,231	2,940
Equity	2,406,155	2,326,983
Financial leverage ratio - %	3.00	0.13

f) Fair value estimate

The book value of trade accounts receivable and trade accounts payable is deemed to approximate fair value, taking into consideration these balances' realization and settlement terms, within 60 days.

For disclosure purposes, the fair value of financial liabilities is estimated by discounting future contractual cash flows at the interest rate effective in the market, which is available to the Company for similar financial instruments. The interest rates in effect at the balance sheet dates are usual market rates and their fair value does not significantly differ from the balances in the accounting records.

Short-term investments, represented by investments in CDB and debentures – repurchase agreements (Note 5) measured at fair value through profit or loss, were valued based on the remuneration rate agreed upon with the respective financial institution, treated as a usual market rate.

22. Derivative financial instruments

The Company does not operate with derivative financial instruments.

23. Transactions with related parties

a) Transactions with related parties consist of operations with Company shareholders and people associated therewith that carried out the following transactions:

	Relationship	Current assets		Revenues	
		Sep-2014	Dec-2013	3Q-2014	3Q-2013
Receivables					
Special plans (i)					
Regimar Comercial S.A.	Shareholder/Family	10	9	19	15
Heliomar S.A.	Shareholder/Board Member	2	1	3	2
		12	10	22	17
		12	10	22	17

	Relationship	Current liabilities		Expenses	
		Sep-2014	Dec-2013	3Q-2014	3Q-2013
Payables					
Rent (ii)					
Heliomar S.A.	Shareholder/Board Member	16	13	49	40
Antonio Carlos Pipponzi	Shareholder/Board Member	5	5	19	17
Rosalia Pipponzi Raia	Shareholder/Board Member	5	5	19	17
Espólio de Franco Maria David Pietro Pipponzi	Shareholder/Board Member	5	5	19	17
		31	28	106	91
Service providers (ii)					
Capullo Publicidade Ltda.	Shareholder/Family			78	75
Zurcher, Ribeiro Filho, Pires Oliveira Dias and Freire – Advogados	Shareholder/Family	5	45	896	569
Associação Obra do Berço (Literat Editora Ltda.) (iii)	Shareholder/Family	210		420	202
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (iii)	Shareholder/Family	697	131	736	1,831
		912	176	2,130	2,677
		943	204	2,236	2,768

(i) Sales carried out through special plans and store space lease agreements. These transactions are taken out in business conditions equivalent to those adopted with other companies.

(ii) Store lease, rendering of marketing and legal advisory services. These transactions are taken out under usual market conditions.

(iii) These balances and transactions refer to service rendering agreements relating to the development, creation and production of disclosure material for the corporate sales area and concept of the Company internal monthly magazine. The agreements are valid for an indefinite period of time and may be terminated at any time by any of the parties without cost or penalties.

In addition, there are no transactions other than the amounts presented above and referred to related parties comprise Company key management personnel.

b) Key management personnel compensation

Key management personnel comprises Officers, Directors and Supervisory Board members. Compensation paid or payable for services rendered is as follows:

	3Q-2014	**3Q-2013**
Fees and social charges	2,825	2,778
Bonuses and social charges	1,219	5,245
Reversal of provision for bonuses		(878)
	4,044	7,145

24. Insurance coverage

The Company adopts the policy of taking out insurance coverage in amounts deemed sufficient by management to cover any losses on assets or civil liability attributed thereto. Considering the nature of its activities and the guidance of its insurance advisors, at September 30, 2014, the Company maintains the following insurance coverage:

	Sep-2014	**Dec-2013**
Inventory loss risk	113,997	106,878
Permanent assets	116,004	121,522
Loss of profits	74,917	24,100
Civil liability risk	14,410	12,423
	319,328	264,923

25. Noncash transactions

In the third quarter of 2014, there were no transactions not involving the Company’s cash.

A free translation from Portuguese into English of Review Report on interim financial information in accordance with accounting practices adopted in Brazil

Independent Auditor's Report on Review of Quarterly Information (ITR)

The
Shareholders, Board of Directors and Officers
Raia Drogasil S.A.
São Paulo - SP

Introduction

We have reviewed the interim financial information contained in the Quarterly Information Form (ITR) of Raia Drogasil S.A. ("Company") as of September 30, 2014, comprising the balance sheet as of September 30, 2014 and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month and nine-month period then ended, and other explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of value added

We have also reviewed the Statements of Value Added for the nine-month period ended September 30, 2014, prepared under the responsibility of Company management, the presentation of which in the interim information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR). This statement has been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, consistently with the overall interim financial statements.

São Paulo, November 5, 2014.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Alexandre Rubio
Accountant CRC-1SP223361/O-2

Opinions and Representations – Report of Audit Committee or Equivalent Body

The Shareholders, Board of Directors and Officers
Raia Drogasil S.A.

The Company's Supervisory Board, in exercise of its duties and legal responsibilities, has examined the Quarterly Financial Information (ITR), for the quarter ended September 30, 2014. Based on the examination carried out, clarification provided by management, and also considering the favorable and unqualified Special Review Report from Independent Auditor Ernst & Young Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, November 5, 2014.

Gilberto Lério
Supervisory Board member

Fernando Carvalho Braga
Supervisory Board member

Mário Antonio Luiz Corrêa
Supervisory Board member

Opinions and Representations – Officers' Representation on Financial Statements

Raia Drogasil S.A.

In accordance with article 25, paragraph 1st, items V and VI, of CVM Rule No. 480/09, Company officers represent that they have reviewed, discussed and agreed upon the Quarterly Financial Information (ITR) for the quarter ended September 30, 2014.

São Paulo, November 5, 2014.

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Marcilio Pousada

Chief Executive Officer

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Antonio Carlos Coelho

Director and Accountant in charge – CRC 1SP166428/O-9

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Antonio Carlos de Freitas – Director

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Eugênio De Zagottis – Director

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Fernando Varela – Director

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Marcello De Zagottis – Director

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Renato Cepollina Raduan – Director

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Maria Susana de Souza – Director

Opinions and Representations – Officers' Representation on Independent Auditor's Report

Raia Drogasil S.A.

In accordance with article 25, paragraph 1st, items V and VI, of CVM Rule No. 480/09, Company officers represent that they have reviewed, discussed and agreed upon the unqualified opinion expressed in the Independent Auditor's Special Review Report referring to the Quarterly Financial Information (ITR) for the quarter ended September 30, 2014.

São Paulo, November 5, 2014.

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Marcilio Pousada

Chief Executive Officer

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Antonio Carlos Coelho

Director and Accountant in charge – CRC 1SP166428/O-9

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Antonio Carlos de Freitas – Director

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Eugênio De Zagottis – Director

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Fernando Varela – Director

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Marcello De Zagottis – Director

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Renato Cepollina Raduan – Director

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Maria Susana de Sousa – Director